

Company Registration No. 198900157E

York Transport Equipment (Asia) Pte Ltd
and its Subsidiaries

Annual Financial Statements
31 March 2018



York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

General Information

Directors

Vinod Anandkumar Kumar (Chairman)
Sharman Alok Dhar (Chief Executive Officer)
Srinivasa Reddy Polimera
Sanjib Nanda

Company Secretaries

Ng Poh Beng
Chan Boon Wee

Registered Office

122 Pioneer Road
Singapore 639583

Auditor

Ernst & Young LLP

Bankers

United Overseas Bank Limited
Axis Bank Limited
The Federal Bank Limited

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York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Directors' Statement

The Directors are pleased to present their statement to the member together with the audited financial statements of York Transport Equipment (Asia) Pte Ltd (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2018.

Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and balance sheet, statement of comprehensive income, statement of changes in equity and cash flow statement of the Company are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are:

Vinod Anandkumar Kumar	(Chairman)
Sharma Alok Dhar	(Chief Executive Officer)
Srinivasa Reddy Polimera	
Sanjib Nanda	

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

No Director of the Company who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Directors' Statement

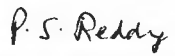
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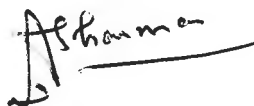
There is presently no option scheme on unissued shares of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:


Srinivasa Reddy Polimera
Director


Sharman Alok Dhar
Director

Singapore
29 April 2018

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Independent Auditor's Report For the financial year ended 31 March 2018

Independent Auditor's Report to the Member of York Transport Equipment (Asia) Pte Ltd

Report on the audit of the financial statements

We have audited the financial statements of York Transport Equipment (Asia) Pte Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and Company as at 31 March 2018, statements of changes in equity and statement of comprehensive income and the cash flow statements of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Group and the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises general information and the Directors' Statement set out on pages 1 and 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Independent Auditor's Report For the financial year ended 31 March 2018

Independent Auditor's Report to the Member of York Transport Equipment (Asia) Pte Ltd

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

**Independent Auditor's Report
For the financial year ended 31 March 2018**

Independent Auditor's Report to the Member of York Transport Equipment (Asia) Pte Ltd

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

29 April 2018

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Statements of Comprehensive Income
For the financial year ended 31 March 2018

	Note	Group		Company	
		2018 USD	2017 USD	2018 USD	2017 USD
Revenue	4	86,339,796	57,008,835	24,989,545	20,802,107
Cost of sales		(70,312,471)	(46,316,918)	(20,291,219)	(17,709,925)
Gross profit		16,027,325	10,691,917	4,698,326	3,092,182
Other operating income	5	1,948,072	1,672,036	2,406,296	1,824,645
Distribution expenses		(3,693,797)	(3,478,895)	(1,418,158)	(1,613,207)
Administrative expenses		(8,028,857)	(6,673,176)	(2,898,285)	(2,692,058)
Other operating expenses	6	(1,516,887)	(294,670)	(756,674)	(47,873)
Profit from operating activities		4,735,856	1,917,212	2,031,505	563,689
Finance costs	7	(1,428,354)	(1,512,102)	(1,051,207)	(1,080,039)
Profit/(loss) before tax	8	3,307,502	405,110	980,298	(516,350)
Income tax expense	9	(1,725,475)	(195,704)	(176,159)	(91,407)
Profit/(loss) for the year		1,582,027	209,406	804,139	(607,757)
Other comprehensive income					
Foreign currency translation		654,386	97,018	-	-
Actuarial loss on employee benefits		(7,966)	(16,219)	-	-
Other comprehensive income for the year, net of tax		646,420	80,799	-	-
Total comprehensive income for the year attributable to the owner of the Company		2,228,447	290,205	804,139	(607,757)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Balance Sheets As at 31 March 2018

	Note	Group		Company	
		2018 USD	2017 USD	2018 USD	2017 USD
Non-current assets					
Property, plant and equipment	10	2,852,358	3,116,670	457,902	579,771
Intangible assets	11	263,477	262,217	214,963	214,963
Investment in subsidiaries	12	–	–	14,889,700	14,889,700
Deferred tax assets	9(c)	549,055	182,033	–	–
Amounts due from a corporate shareholder	16	–	20,612,860	–	20,612,860
Amounts due from subsidiaries	16	–	–	5,415,107	3,099,291
Other non-current assets	15	910,368	–	–	–
		4,575,258	24,173,780	20,977,672	39,396,585
Current assets					
Inventories	13	16,193,267	12,492,522	1,320,042	1,205,463
Trade receivables	14	11,168,142	12,105,215	3,565,379	3,114,397
Other receivables and prepayments	15	1,566,312	3,143,506	716,189	401,631
Amounts due from immediate holding company	16	–	2,511	–	2,511
Amounts due from subsidiaries	16	–	–	2,194,672	5,071,138
Amounts due from related companies	16	3,354,447	1,602,219	219,960	41,944
Amounts due from a corporate shareholder	16	21,354,575	–	21,354,575	–
Cash and bank balances	17	6,445,137	5,177,234	2,183,193	775,330
		60,081,880	34,523,207	31,554,010	10,612,414
Current liabilities					
Trade payables	18	18,745,645	13,799,056	1,469,850	1,309,309
Other liabilities	19	3,775,366	2,742,877	1,053,580	728,317
Amount due to ultimate holding company	20	10,992	360,804	10,992	360,146
Amounts due to subsidiaries	20	–	–	2,260,786	680,560
Tax payable		647,866	21,982	176,000	–
Interest-bearing loans and borrowings	21	12,808,592	10,223,005	9,935,767	7,404,844
		35,988,461	27,147,724	14,906,975	10,483,176
Net current assets		24,093,419	7,375,483	16,647,035	129,238
Non-current liabilities					
Interest-bearing loans and borrowings	21	9,661,800	14,876,182	9,661,800	10,404,848
Amounts due to subsidiaries	20	–	–	8,248,597	10,210,804
Other non-current liabilities	19	105,349	–	–	–
		9,767,149	14,876,182	17,910,397	20,615,652
Net assets		18,901,528	16,673,081	19,714,310	18,910,171
Equity attributable to owner of the Company					
Share capital	22	11,394,299	11,394,299	11,394,299	11,394,299
Reserves		7,507,229	5,278,782	8,320,011	7,515,872
Total equity		18,901,528	16,673,081	19,714,310	18,910,171

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Statements of Changes in Equity
For the financial year ended 31 March 2018

Group	Attributable to owner of the Company					Total equity USD
	Share capital (Note 22) USD	Foreign currency translation reserve USD	Retained earnings USD	Other reserves* USD	Total reserves USD	
2018						
At 1 April 2017	11,394,299	(1,399,977)	6,704,532	(25,773)	5,278,782	16,673,081
Profit for the year	-	-	1,582,027	-	1,582,027	1,582,027
Other comprehensive income						
- Net effect of exchange differences	-	654,386	-	(7,966)	646,420	646,420
Total comprehensive income for the year, net of tax	-	654,386	1,582,027	(7,966)	2,228,447	2,228,447
At 31 March 2018	11,394,299	(745,591)	8,286,559	(33,739)	7,507,229	18,901,528
2017						
At 1 April 2016	11,394,299	(1,496,995)	6,495,126	(9,554)	4,988,577	16,382,876
Profit for the year	-	-	209,406	-	209,406	209,406
Other comprehensive income						
- Net effect of exchange differences	-	97,018	-	-	97,018	97,018
- Actuarial loss on employee benefits	-	-	-	(16,219)	(16,219)	(16,219)
Total comprehensive income for the year, net of tax	-	97,018	209,406	(16,219)	290,205	290,205
At 31 March 2017	11,394,299	(1,399,977)	6,704,532	(25,773)	5,278,782	16,673,081

* Other reserves relates to the accumulated actuarial gain/losses from the post-employment benefits liabilities.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Statements of Changes in Equity
For the financial year ended 31 March 2018

Company	Share capital (Note 22) USD	Retained earnings USD	Total equity USD
2018			
At 1 April 2017	11,394,299	7,515,872	18,910,171
Loss for the year, representing total comprehensive income for the year	—	804,139	804,139
At 31 March 2018	11,394,299	8,320,011	19,714,310
2017			
At 1 April 2016	11,394,299	8,123,629	19,517,928
Loss for the year, representing total comprehensive income for the year	—	(607,757)	(607,757)
At 31 March 2017	11,394,299	7,515,872	18,910,171

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Cash Flow Statements

For the financial year ended 31 March 2018

	Group	
	2018 USD	2017 USD
Cash flows from operating activities :		
Profit before tax	3,307,502	405,110
Adjustments for :		
Depreciation of property, plant and equipment	604,371	540,315
Allowance for doubtful debts	584,123	56,212
Allowance for inventory obsolescence	179,866	214,062
Provision for warranty	409,384	254,159
Loss on disposal of property, plant and equipment, net	147,687	-
Actuarial loss on employment benefits	(7,966)	(16,219)
Interest expense	1,428,354	1,512,102
Interest income	(274,519)	(740,559)
Unrealised exchange (gain)loss	(294,063)	73,325
Operating profit before working capital changes	6,084,739	2,298,507
Increase in trade and other receivables	(1,079,753)	(2,075,606)
(Increase)/decrease in inventories	(3,880,611)	1,359,980
Increase in trade and other payables	5,457,727	3,908,354
Net cash flows generated from operations	6,582,102	5,491,235
Interest paid	(1,211,038)	(1,405,218)
Interest received	33,602	34,702
Income tax paid	(1,466,613)	(233,928)
Net cash flows generated from operating activities	3,938,053	3,886,791
Cash flows from investing activities :		
Purchase of property, plant and equipment	(404,660)	(359,624)
Proceeds from disposal of property, plant and equipment	6,689	1,168
Net cash flows used in investing activities	(397,971)	(358,456)
Cash flows from financing activities		
Repayment of bank term loans, net	(746,405)	(3,303,284)
Proceeds from bills payable, net	-	899,211
Repayment of bills payable, net	(1,882,390)	-
(Increase)/decrease in amount due from a corporate shareholder	(500,798)	1,676,125
Net cash flows used in financing activities	(3,129,593)	(727,948)
Net increase in cash and cash equivalents	410,489	2,800,387
Cash and cash equivalents at beginning of financial year	5,177,234	2,307,163
Effect of exchange rate changes on cash and cash equivalents	857,414	69,684
Cash and cash equivalents at end of financial year (Note 17)	6,445,137	5,177,234

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Cash Flow Statements

For the financial year ended 31 March 2018

	Company	
	2018 USD	2017 USD
Cash flows from operating activities :		
Profit/(loss)before tax	980,298	(516,350)
Adjustments for :		
Depreciation of property, plant and equipment	130,929	136,669
Allowance for doubtful debts	77,309	-
Allowance for inventory obsolescence	85,884	213,413
Gain on disposal of property, plant and equipment	(6,429)	-
Provision for warranty	91,810	98,800
Interest expense	1,051,207	1,080,039
Interest income	(268,934)	(736,366)
Unrealised exchange loss	42,253	47,873
Operating profit before working capital changes	2,184,327	324,078
Decrease in trade and other receivables	(460,215)	1,379,767
Decrease in inventories	(200,463)	318,841
Increase in trade and other payables	(339,483)	2,004,226
Net cash flows generated from operations	1,184,166	4,026,912
Interest paid	(850,201)	(331,898)
Interest received	28,017	30,508
Income tax paid	(159)	(91,407)
Net cash flows generated from operating activities	361,823	3,634,115
Cash flows from investing activities :		
Purchase of property, plant and equipment	(9,060)	(19,870)
Proceeds from disposal of fixed assets	6,429	1,168
Net cash flows used in investing activities	(2,631)	(18,702)
Cash flows from financing activities		
Proceeds from/(repayment of) bank term loans, net	852,104	(5,559,157)
Proceeds from bills payable, net	935,771	1,428,030
(Increase)/decrease in amount due from a corporate shareholder	(739,204)	970,926
Net cash flows generated from/(used in) financing activities	1,048,671	(3,160,201)
Net increase in cash and cash equivalents	1,407,863	455,212
Cash and cash equivalents at beginning of financial year	775,330	320,118
Cash and cash equivalents at end of financial year (Note 17)	2,183,193	775,330

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2018

1. Corporate information

York Transport Equipment (Asia) Pte Ltd (the "Company") is a limited liability company, which is incorporated in Singapore. Its immediate and ultimate holding companies are TRF Singapore Pte Ltd and TRF Limited respectively.

The registered office and principal place of business of the Company is located at 122 Pioneer Road, Singapore 639583.

The principal activities of the Company are in the production and distribution of truck and trailer axles and other components. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet, statement of comprehensive income, statement of changes in equity and cash flow statement of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below and are presented in United States Dollars ("USD").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the Group and the Company have adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following applicable standards and interpretation that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 7 <i>Disclosures Initiative</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 12 <i>Recognition of deferred tax assets for unrealised losses</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined**

** The mandatory effective date of the Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, 115, and 116 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all loans and trade receivables. Upon application of the expected credit loss model, the Group expects no significant impact on its equity, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact. The Group plans to adopt the new standard on the required effective date.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

2.4 Foreign currencies

The financial statements are presented in United States Dollars ("USD"), which is also the Company's functional currency, and which reflects the economic substance of the underlying events and circumstances of the Company.

(a) Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.5 Subsidiaries and principles of consolidation

(a) Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date of acquisition being the date on which the Group obtains control, and continued to be consolidated until the date such control ceases.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.5 Subsidiaries and principles of consolidation (cont'd)

(b) *Basis of consolidation (cont'd)*

All intra-group balances, income and expenses and unrealised gains losses resulting from intra-group transactions and dividends that are recognised in assets, are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

(c) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income.

If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree, over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill.

York Transport Equipment (Asia) Pte Ltd and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit or loss. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit or loss.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation of an asset begins when it is available for use and is computed on a straight line basis over the estimated useful lives of the asset as follows:

Freehold land and buildings	-	20 years
Leasehold land and buildings	-	over remaining terms of lease
Leasehold improvements	-	3 to 5 years
Furniture and fittings	-	3 to 10 years
Office equipment	-	3 to 10 years
Motor vehicles	-	4 to 5 years
Workshop equipment and tools	-	2 to 14 years

Fully depreciated assets still in use are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.7 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of trademark are assessed as indefinite.

Intangible assets with indefinite useful lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.8 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years.

Impairment losses of continuing operations are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. **Summary of significant accounting policies (cont'd)**

2.9 **Financial instruments (cont'd)**

(b) **Financial liabilities (cont'd)**

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.10 **Impairment of financial assets**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Cash carried in the balance sheet are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.9.

2.12 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:-

Raw materials : purchase costs on a weighted average basis

Work-in-progress and finished goods : cost of materials, direct labour and a proportion of manufacturing overheads based on normal operating capacity on a weighted average basis.

Where necessary, allowance is provided for damage, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Borrowing costs

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.14 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2. Summary of significant accounting policies (cont'd)

2.15 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Defined benefit plan

The Group recognises all actuarial gains and losses as other reserves (other comprehensive income method) in the period which they arise.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.16 Leases – as lessee

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

2. Summary of significant accounting policies (cont'd)

2.17 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable taking into account contractually defined terms of payment. The following specific recognition criteria must also be met before the revenue is recognised:

(a) Sale of goods

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of goods sold.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Royalty income

Revenue is recognised on a straight-line basis over the license period stipulated in the related licensing agreement.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.18 Income taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the country where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. Summary of significant accounting policies (cont'd)

2.18 Income taxes (cont'd)

(b) Deferred tax (cont'd)

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.18 *Income taxes (cont'd)*

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.19 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.